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DEPARTMENT PLEASE PASS TO NSC FOR ADAM STERLING

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TAGS: PREL ECON ENRG RU HU

SUBJECT: HUNGARY MUST FIND ITS VOICE: ASSISTANT SECRETARY FRIED'S MEETING WITH HUNGARIAN PRIME MINISTER GYURCSANY

Classified By: ACTING DCM ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (S) Summary: In an extensive one-on-one conversation with EUR Assistant Secretary Fried July 10, Prime Minister Gyurcsany recognized the strategic challenge posed by Russia, reaffirmed his commitment to playing a more active role to promote a common EU policy on Russia and energy security, and reemphasized the importance of enhanced bilateral consultations. On Kosovo, Gyurcsany noted that a common NATO and EU stand on independence would offer "a degree of political legitimacy" even in the absence of an explicit Security Council Resolution. End Summary.

¶2. (S) Meeting at Gyurcsany's express request, EUR Assistant Secretary Fried urged the GoH to "find its voice" in the region and within the Euro-Atlantic community. The political landscape has changed with new governments in Berlin and Paris, and we welcome Hungary's leadership to promote the development of an appropriate EU strategy on Russia in general and energy security in particular.

¶3. (S) Gyurcsany noted candidly that Hungary had "missed" the strategic challenge posed by Russia's "growing assertiveness," mistakenly viewing the question of energy solely as a "short-term economic issue." Budapest had been "slow to recognize the evolution of America's thinking," but now appreciates the magnitude of the challenge posed by what A/S Fried described as Russia's combination of "corporatist economics, authoritarian domestic politics, and revisionist foreign policy." Fried urged Hungarian support for the Nabucco gas pipeline; Gyurcsany expressed concerns about a lack of overall European support for it, but agreed that it made strategic and economic sense.

¶4. (S) Gyurcsany underscored his "unequivocal commitment" to "serving our common values" and stated explicitly that "we don't need to play games: we are on the same side." He encouraged broader and deeper consultations both bilaterally and at the US-EU level, and pledged to "look for opportunities to get Hungary involved in formulating EU strategy." A/S Fried welcomed the initiative, noting our commitment to "avoid surprises" and emphasizing the importance of efforts to "get Europe thinking" and to "get Hungary working within European institutions."

¶5. (S) Turning to the domestic political situation, Gyurcsany commented that "whatever our differences with (center-right, stridently oppositionist) FIDESZ," Hungarian foreign policy should still have a bipartisan foundation. FIDESZ can help "correct our mistakes," and neither the government nor the opposition wants to "breach our friendship with America." As Gyurcsany noted, a recent article reviewing the recent history of the opposition's relations with the US details past differences but concludes that contacts are improving, so much so that the government and the opposition are competing for American attention.

Gyurcsany referred to this phenomenon as "not a bad thing at all."

¶6. (S) Briefly reviewing his recent stops in Pristina and Belgrade, A/S Fried outlined our way forward on Kosovo, recognizing the limitations on Hungary's ability as a neighbor to play a vocal role but urging Budapest to work toward "a European future for Belgrade." He particularly welcomed the PM's comment that a NATO and EU consensus on independence might provide sufficient political legitimacy for recognition.

¶7. (S) Comment: The long private exchange confirms our sense that Gyurcsany is working to address recent daylight between Hungary and the US on key issues. Recognizing that the problem was more than a matter of perception was doubtless a difficult process for the PM, and continued consultations on our European agenda will help ensure that we remain responsive to his request. Although improved communication will help, the central message must remain that Hungarian actions will speak louder than words. Gyurcsany indicated that he is concerned by Russian pressure - directly on him and indirectly via monies flowing to Hungarian politicians and parties - and fears a divided or absent European response to what he termed a growing Russian assertiveness in Central Europe. End Comment.

¶8. (U) Assistant Secretary Fried has cleared on this message.

FOLEY